ABSTRACT

A trade allocation system includes a computer system having a network interface over which messages can be exchanged with an order management system. The computer system is also coupled to a first database that stores data associating portfolios with risk classes and target ratios. A second database stores instructions to configure the system to receive from order management systems messages describing trades of financial instruments. Each message can include a financial instrument identifier, a size of the trade, and a risk class identifier. The instructions also configure the processor to query the first database to determining a portfolios that are associated with a risk class identified by a risk class identifier in a message as well as to determine a target ratio for each of the portfolios. The processor then allocates the trade of the financial instrument among each of the portfolios based on the target ratios. Allocating a trade of a financial instruments among a group of portfolios include receiving a message descriptive of a trade of a financial instrument. The message can include a financial instrument identifier and a size of the trade. A collection of portfolios are then identified based on a match between a risk class of the portfolio and the risk class of the traded financial instrument. The trade is then allocated among each of the portfolios based on a target ratio associated with each portfolio.